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**LINKING PERFORMANCE AT ORGANISATIONAL AND INDIVIDUAL LEVELS --
NATIONAL REPORT BY FRANCE**

Governing for Performance in the Public Sector

OECD-Germany High-Level Symposium, Berlin, 13-14 March 2002

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TABLE OF CONTENTS

1. FIRST PROBLEM: PERFORMANCE APPRAISAL	6
2. SECOND PROBLEM: THE COLLECTIVE OR INDIVIDUAL ATTRIBUTION OF RESULTS	7
3. OPTIMISING INDIVIDUAL PERFORMANCES WITHIN THE COLLECTIVE PERFORMANCE	8
4. CONCLUSION	11



BUNDESMINISTERIUM DES INNERN

FEDERAL MINISTRY OF THE INTERIOR -- MINISTÈRE FÉDÉRAL DE L'INTÉRIEUR

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**LINKING PERFORMANCE
AT ORGANISATIONAL AND INDIVIDUAL LEVELS
NATIONAL REPORT BY FRANCE**

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NATIONAL REPORT BY FRANCE

1. While the title of my speech has been given out in English, it is in French that I shall endeavour to tackle the subject. First and foremost, therefore, it is important to pinpoint the exact meaning of: “linking performance at organisational and individual levels”.

2. First of all, performance: an old French word which has come back to us from a detour via English, with a double twist in the meaning. Most of the time, people use the word without much idea of what it really means. From the act of doing, the play of the actor, the manifold characteristics and capacities of a machine, as it is defined in English, it becomes, in the language of French sports journalists, the exploit of an athlete engaged in competition, before being imported into the language of business management, as it relates to competition. In the field of public management, too, the word is associated with notions of efficiency and success. Talking about performance is becoming the same as expecting success. It is not certain that the word has quite such ambitious connotations in English. In English, for example, there is talk of “performance improvement”, while the French will be “looking for performance”.

3. Similarly, “linking performance at organisational and individual levels” can have a number of meanings:

- does it have to do with observing the link that can exist between the performance of the organisation and that of the individual? From the sociological point of view, analysis affords an understanding of the interaction between people and the organisation to which they belong, and also between people themselves. From this conception are deduced forms of action designed to optimise overall performance in terms of organising structures and defining procedures or operating processes and the corresponding indicators;
- or is it a matter of breaking down performance characteristics into the individual share and the collective share? In which case, allocating responsibilities between the different levels would make it possible to decide how to sanction success or failure in terms of human resource management and overall management. The corresponding performance indicators are of course different in this case;
- or, lastly, is the object to adopt a more forward-looking and strategic approach, assigning to everyone a place, a role and objectives in accomplishing the organisation’s performance? In that case, the link between individual and collective performance becomes an instrument for steering the organisation, based on a deliberate and properly controlled strategy and well-argued projects.

4. But whatever the meaning, the subject clearly calls for a sound understanding of the ultimate purpose of the organisation, clear objectives and a sense of responsibility on the part of the individual actors working for the organisation and its aims, sanctioned by systems ensuring collective mobilisation and individual incentives.

5. It is clear, too, that this corresponds to a public administration model that is apparently very far removed from traditional public services, of which the French administration has from time to time been looked upon as archetypal.

6. So, why ask a Frenchman to introduce this subject?

7. The answer, I suppose, is precisely because of the administrative model that France set up, in its own way, based on very general principles, and that it has developed in a logical and consistent manner over time.

8. General principles: the 1789 Declaration of the Rights of Man and of the Citizen based the French civil service on the principles of equality before the law and the right of citizens to require public officials to give an account of their administration:

All citizens, being equal in the eyes of the law, are equally eligible to all dignities and all public positions and occupations, according to their abilities, and without distinction except that of their virtues and talents.

Society has the right to require of every public agent an account of his administration.

9. It is the duty of the State, which is served by these public servants, to ensure compliance with these principles. This it does via the hierarchy, respect for standards and the monitoring of procedures, in line with the traditional public service model.

10. Logical consequences: to simplify a great deal, management of the civil service is based on a set of rules designed to guarantee the principle of equality. This starts with recruitment, by competition, and goes on to promotion, on the basis of seniority, after going through the different systems of grading and compensation which are more concerned with the grade and the job than with measuring individual efficiency.

11. It is true that union action, which has fought steadfastly against the risks posed by subjective or politically motivated appraisal of merit, has tended to lump together and standardise the situations of civil servants. Another sign of this is the way their anonymity is protected behind the structure of the organisation.

12. And yet the French system does leave considerable room for merit appraisal, witness the term “productivity bonus”, which is governed by texts going back more than fifty years. Also, it has managed to keep some flexibility thanks to the status of senior government officials, or via recourse to such alternative forms of public service as government agencies and establishments, the staff of which can come under private sector regulations. It has to be recognized, though, that the responsibility of the individual is easier to question than that of the organisation.

13. A few years ago, there was a decisive shift towards emphasizing the individual responsibility of public servants. This trend, which began with the judicial challenging of the responsibility of civil servants, who were no longer protected by the institution, is now penetrating methods of human resource management. Anonymity is out, allowance schemes have to give more importance to merit and the grading system has been rethought so as to take account of individual performance.

14. The Organic Order on the 1 August 2001 Finance Act, which really is France’s new financial constitution, put the finishing touch to this change. Formerly, budgets were based on resource allocation and a legal analysis of the nature of the expenditure. From now on, budgets will target programme objectives coupled with results indicators. Government departments are now required by law to set performance objectives on which they and those in charge will be appraised. The new budget rules will be fully effective as of 2006.

15. This lapse of time, which in truth is very short, means that all ministries will have to review their management methods in depth and rebuild them according to new principles; work is under way. Over and above a reform of budgetary procedures, it is the whole of public management that is concerned, including the human resource management dimension.

16. So the French administration is at present resolutely and deeply engaged in the sort of reforms that are discussed in PUMA. Introducing the morning's work gives me an opportunity to share a few methodological thoughts with you.

1. FIRST PROBLEM: PERFORMANCE APPRAISAL

17. Performance, whether individual or collective, has to be measured. The methodological aspects are the same in both cases, having to do with the complexity of the systems and the general details of the appraisal.

18. Modern states are notable for the extreme diversity of their activities and the multiplicity of their means of action. From the State's sovereign responsibilities to social solidarity policies, from the regulatory activities of central government to the provision of general interest benefits, or even goods and services on competitive markets, public services can take the form of traditional central government departments, agencies, public corporations of an industrial and commercial nature, and even associations. Financial resources are becoming more diverse: they can derive from taxation, but also from charges levied on users for services provided, and even from the sale of goods and services.

19. Performance has to be looked at from the following different angles: that of the administrative authority at its own services, that of the director-general and the board of directors of the public establishment, that of the taxpayer, the person liable and the customer. Over and above this, there is the viewpoint of the political decision-maker, overseen by the citizen from whom he receives his mandate.

20. All these aspects of performance come clearly within the triangle of indicators: those that measure the **impact** of a decision on the target that has been set, those that measure the **effectiveness** (in terms of deadlines and saving on resources) of the action taken to achieve that target and those, lastly, that measure user satisfaction against how the action has been conducted and the results thereof (**quality** indicators). A properly conducted performance appraisal should as far as possible take all these aspects into account simultaneously and see how they relate to one another.

21. Performance appraisal also depends on the when and how it is decided to proceed.

22. When used after the event, appraisal has considerable advantages. With the benefit of hindsight, it is possible to clarify the scope of the appraisal, to extend the period covered, to include the subsequent or collateral effects of the performance under consideration and to define the appropriate methodology. The appraisal is more comprehensive.

23. However, there are just as many drawbacks. The appraisal criteria may differ from those that prompted the process, unless one recreates after the event the motives of those who carried out the appraisal, which is always hazardous. A methodology designed for a given subject, and appropriate for it, may not be transferable to other subjects, so confining the appraisal to its own specific area. In which case, it will be difficult to draw practical conclusions for the future. In fact, it will not even really be possible to draw conclusions for the presents, given the time lag between the action and the analysis.

24. When planned and defined beforehand, performance appraisal is not liable to such criticism. The scope of the analytical criteria is the same as the criteria for action. The objective is known in advance and it is easy to ascertain what is achieved as the action takes place: any divergences can be detected as soon as they appear, meaning that performance appraisal can be steered reactively.

25. Against this, it is necessary to have a system of permanent indicators which must be constantly updated. The appraisal of performance against pre-established objectives assumes the existence of a

management control system which may be based, in particular, on a cost accounting system with which general government is not familiar.

26. One of the main difficulties in this regard has to do with the central consolidation of one-off “in the field” measures and their incorporation in a monitoring system which is not submerged in a plethora of information.

27. Another risk with this sort of system is that of both the institution and the individuals acting solely on the basis of the performance indicators, thus narrowing the scope of their requirements, being less responsive and less likely to grasp opportunities outside the normative framework laid down for them.

28. The best formula is obviously to have a linkage between the detailed appraisals carried out on the spot by the operational teams, the strategic guidance information given to senior officials by the management control team and the detailed and comprehensive appraisals carried out after the event.

29. This is what the French Administrations endeavours to do by combining, at the bottom level, management dialogue and the contractualisation of resources on the basis of targets set at implementation level, the elaboration of quality ministerial projects coupled with service-level commitments, the widespread introduction of management control systems for performance supervision and, at the highest level, the analyses carried out by the *Conseil national d'évaluation des politiques publiques* and the *Comité d'enquêtes sur le coût et le rendement des services publics*.

30. The new financial constitution that France recently adopted builds on these mechanisms by means of programmes coupled with relevant objectives and appraisal criteria, obliging ministries to propose annual performance projects and to submit annual performance reports appended to the initial Finance Act and the Settlement Act.

2. SECOND PROBLEM: THE COLLECTIVE OR INDIVIDUAL ATTRIBUTION OF RESULTS

31. The separation of powers and division of roles between the policy-making and administrative spheres can result in the best policies failing because of the departments responsible for applying them, and also because the best administrations have never sufficed in themselves to ensure good policies.

32. In performance appraisal, establishing what is strategic and policy-related and what is implementation is often a delicate matter. In the event of success, everyone will enjoy the benefits thereof, from the policy-maker to the junior official. In the event of failure, however, there will be a great temptation to shift the responsibility to someone else. This sort of phenomenon can only be avoided by having pre-established, objective appraisal criteria.

33. But the division of roles still has to be perfectly clear, and this is another characteristic of modern states: the enormous growth of partnerships in implementing public policies. The meshing of forms of contract between the state, territorial authorities and certain intermediate sections of civil society and the development of cross financing and reciprocal services mean that everyone's performance is linked with that of everyone else. Despite contractualisation, however, there is no guarantee that all the partners involved are pursuing the same objectives, and everyone will read the tables of criteria in the light of his own interests.

34. Even if the performance of just one partner - the State - is under consideration, it is appraised at the level of a ministry, a directorate, a central service or a decentralised service. Yet service specialisation means that each has to collaborate: if one is in charge of human resource management and the other distributes budgetary appropriations, what performance will be peculiar to the third - responsible for

making use of these resources? If roles are specifically allotted to everyone, it is usually on the basis of binding and impersonal rules and procedures. Admittedly, there is some sort of performance achievement, but is it not attributable more to the determinism of the system than to the actions of the people operating the structures? At least there is a certain minimum level of performance, whatever the circumstances and whoever the officials, which is the advantage of routine, but it is not necessarily the optimum performance.

35. This is one of the main reasons for resorting to more flexible solutions such as public corporations, agencies, etc..

36. The need to be able to attribute performance clearly in order to optimise it means looking for synchronisation between programmes and the structures responsible for implementing them. Unity between the organisation, the body of officials working in it and the aims pursued is a precondition for appraising the responsibilities of the directors and operatives in the overall performance of the institution.

3. OPTIMISING INDIVIDUAL PERFORMANCES WITHIN THE COLLECTIVE PERFORMANCE

37. A number of studies on the sociology of organisations, such as those by Michel Crozier in France which are based on game theory, show how individuals seek to optimise their situation within the organisation. It is a question of steering individual strategies in the same direction as the overall objectives so as to improve the efficiency of the organisation. The initial premise is that individuals are that much more motivated when they share the same objectives as the organisation and have the impression that, by acting in a particular way, they influence certain priority choices or the results achieved. In other words, it is thought that individual performance will benefit the collective performance all the more if it appears that everyone is subscribing freely to the overall goals.

38. The result can depend, in particular, on the following factors:

- understanding of the aims and the degree of assimilation of the organisation's "culture";
- the link between the hierarchical and functional levels, making for a smooth transition from the strategic and managerial echelon of the directors to the lower, operative echelon;
- the quality of the internal dialogue, such that everyone is permanently able to place his or her individual action in the context of the whole;
- individual ambition, i.e. the opportunities for personal fulfilment that the organisation offers in terms of the attractiveness of the professional activity, the career, the remuneration...
- systems of rewards or penalties attaching to the results recorded.

39. If, therefore, performance is to be optimised, action has to be taken at each of these levels by:

- a policy of initial and continuing training, aimed first of all at giving officials the skills required to perform their duties. Also, however, it can help people to assimilate the culture of the organisation and even boost a certain "*esprit de corps*", though care must be taken not to confuse this with conservative corporatism;
- establishing clear objectives at all levels of the organisation. In this respect, the same rule applies to the relations between central government and the corporations, services or agencies under its authority;
- deciding on objective indicators of activity and results, collected via a stable management control system;

- organising, on the basis of objectives and indicators, monitoring and appraisal procedures that are open to discussion between the officials concerned and are useful for the organisation's tactical and strategic conduct;
- a system for rewarding or penalising individual and collective performances.

40. What France has opted for, by 2006, may thus be described as follows:

- every year the Finance Act approves the ministerial programmes, sets the objectives and lays down the corresponding indicators;
- the ministries give their instructions to the central and decentralised programme managers, by means of national guideline directives which have, in particular, to go back to the quality commitments contained in the annual performance project;
- at decentralised level, the *préfets* ensure the programmes' interministerial consistency with the conduct of major public policies, via the government's territorial plan which commits all the decentralised services for a minimum of three years;
- at the meeting point between the national guideline directives and the government's territorial plans, the heads of the government's decentralised services negotiate with their central administrations a management contract which balances the targets set and the resources allocated, using information supplied by management control;
- between the various hierarchical levels, those in charge have annual appraisal interviews with their colleagues or subordinates, during which they analyse individual and collective performances, redefine performance objectives for the coming period and, if necessary, make resource allocation changes;
- at every level, therefore, there is this backwards and forwards movement between the dissemination of strategy and the feedback of practical experience, involving each component in the hierarchy in steering the organisation towards improved performance. It is also the time when the contribution of each service to the joint effort and the degree of involvement of each individual can be measured.

41. It merely remains to impart impetus to the whole by means of policies that encourage the organisation and the individuals in it to improve their performance. Although the subject is a complex one, it is known that individuals are motivated by rewards or penalties. However, action also has to be taken vis-à-vis the organisation itself.

42. When it is the centre of government that is involved, it is difficult to penalise a public service organisation. A commercial undertaking that goes bankrupt, goes into liquidation and disappears. The same thing is conceivable in the case of a public corporation, though it is rare. In any case, the idea of permanence and continuity with which the State's sovereign responsibilities are associated runs counter to such radical solutions. It is true that, at the margin, it is possible in reorganising services to learn from setbacks or mistakes, but the whole will always remain, civil servants will be "rehoused" in other structures and the only person who might perhaps really be affected is the official who loses his position. Conversely, a service's success can generate collective advantages that indirectly reward the officials concerned: the prestige of the building, the modernness of the equipment, higher average compensation, notoriety, etc..

43. The situation will no doubt evolve as the quest for clarity as regards responsibilities brings the structure of the programmes and that of the services with the task of applying them closer together, appraisal of the performance of the programme coinciding with that of the service.

44. At individual level, motivation is often complex. It can have to do with the official's personal background, his family and social circumstances, styles and comparisons, etc.. Any policy of individual encouragement must have the means to cater for this complexity.

45. To begin with, the principle of the continuity and permanence of the State ensured that civil servants in many cases had an absolute guarantee of employment and of the compensation that went with it, the former often justifying the low level of the latter. Compensation does not appear to be a decisive factor in motivating people. Other considerations that are more difficult to grasp have to be taken into account, including: how interesting the topics are, the satisfaction of serving the public interest, pride in participating in major policies or in contributing to important decisions. Recent studies show that, in the private sector too, financial incentives alone are not sufficient to motivate people.

46. Such noble sentiments prompt respectable behaviour, which are valued by traditional ranking methods: dedication, readiness to help, loyalty, competence, sense of public service, sense of government. But how can these qualities be linked to performance measurement? The combination of the appraisal interview and the ranking interview provides a solution, steering the civil servant towards an agreed commitment to perform.

47. More prosaically, the statutory protection afforded the civil servant can lock him into a sort of reassuring and comfortable conservatism, particularly at operative levels, in which case humdrum efficiency will stand in the way of any overall improvement in performance. Deaf to all appeals to get up-to-date, the official will nevertheless do his work; he will make sure he is not open to any punishment; he will not really be tempted by incentives and union protection will avoid him having to take any disagreeable decisions: change of attributions, move to somewhere else. When nothing can be done to overcome an official's passivity, departmental restructuring can sometimes circumvent the obstacle.

48. On the other hand, if civil servants are too aware of incentives that are closely tied to performance indicators, they might well restrict their outlook to simply achieving the objectives for the year in question. Yet the greater one's responsibilities, the longer the time horizon is likely to be. Despite the pressure of mobilising people, the necessary serenity has to be preserved. This can be promoted by setting multi-year programmes, guaranteeing job stability for an equivalent length of time and being to some extent protected against political ups and downs. Obviously, this does not mean that the official is exempt from any checks during the period in question.

49. In fact, therefore, the encouragement of performance has to be made credible by taking account of results in the way the individual is treated - in the broad sense. In France, the range of human resource management tools is being augmented through the modernisation of grading and advancement procedures and the reshaping of the bonus system, which together are adding to the criterion of individual performance. But this is not yet sufficient; other factors that encourage individuals to work towards enhancing collective performance include: career paths, geographical and functional mobility, improved working conditions, the reconciling of professional constraints and the demands of family life, and an improvement in the social standing of public servants. More to the point, these are preconditions for ensuring that jobs in administration remain attractive to the younger generations, which is vital, given that almost half of the civil servants born during the post-war baby boom will soon be retiring.

50. The reforms under way or under consideration will only succeed and have the desired effect if they are discussed jointly with the organisations representing the staff. Dialogue with the unions and, through them, with the actual people concerned, is a powerful way of helping public servants to adapt to the new commitment to improving performance, while at the same time it ensures that incentive and penalty systems really do mesh with the reality of what motivates people and respect the principles of equity, as perceived by officials.

51. Experience in France has proved that an open, honest and realistic dialogue with the unions yields positive responses from them and overcomes a certain amount of resistance to change. In the absence of such dialogue, however, even the best laid reforms are bound to fail.

4. CONCLUSION

52. In conclusion, any temptation to draw up a doctrine of performance-based man management in public services must be ruled out because of the very complexity of the subject.

53. The first duty of public servants is to serve the law and democracy. The first level of performance appraisal is political, the other appraisal criteria being subordinate to the first.

54. This fact should mark the specificity of management by objectives in government.

55. Time must be allowed to run its course.

56. The continuity of public service has to be ensured, even when circumstances at a particular point in time suggest that it can be dispensed with: it is not because major catastrophes are rare that apparently unnecessary emergency services should not be kept up.

57. All users must be guaranteed equal access to public services and the same quality of service (performance), whatever the conditions in the locality - rural or urban, prosperous or in decline - or the population - wealthy or in difficulties, educated or not.

58. The transparency of the regulatory process must be guaranteed, and public funds shown to be being used economically, efficiently and honestly.

59. Civil servants, whose work is devoted to the public interest, should be given back the respectability that caricature has sometimes taken away in the eyes of the public.

60. These few, very general thoughts indicate the limitations and caution needed in applying performance policy to general government. The methods used in private, market-sector companies cannot be transposed *en bloc*.

61. There is a range of empirical experimentation that has yielded lessons and information about good practice which countries would be well advised to exchange with each other. This is what is now intended in the workshops that are about to start.